UHY Connect to possibility

NEWSLETTER

CAPITAL MARKET BRIEFING · UNITED STATES LISTINGS

Nasdaq Listing Requirements

A practical guide to the three Nasdaq market tiers for Hong Kong and Greater China issuers

EXECUTIVE SUMMARY

The Nasdaq Stock Market maintains three distinctive listing tiers: the Nasdaq Global Select Market, the Nasdaq Global Market and the Nasdaq Capital Market. An applicant must satisfy the financial and liquidity tests of the chosen tier, and the corporate governance standards that apply equally across all three.

Financial and liquidity thresholds become more demanding as a company moves from the Capital Market to the Global Market and then to Global Select. Meeting every enumerated quantitative test does not guarantee admission. Nasdaq may deny initial listing, or attach additional conditions, where necessary to protect investors and the public interest.

This briefing summarises the initial listing standards for the primary common stock or ordinary shares of an operating company, based on the Nasdaq Initial Listing Guide (January 2026). Direct listings, SPACs, closed-end funds and other security types are subject to separate or elevated tests, noted where material.

SOURCE & AS-AT DATE

Nasdaq Initial Listing Guide January 2026

All figures are in United States dollars unless stated. An applicant must meet *all* criteria under at least one financial standard, plus the applicable liquidity tests.

WHO THIS IS FOR

Boards, CFOs and sponsors assessing a primary Nasdaq listing, a dual listing, or a transfer from another national securities exchange — including PRC and Hong Kong groups using ADRs or ordinary shares.

TOP TIER

Global Select Market

- Four financial standards
- Bid price US$4
- 1.25 million unrestricted publicly held shares
- Designed for larger, seasoned issuers

MID-TIER

Global Market

- Four financial standards
- Bid price US$4
- 1.1 million unrestricted publicly held shares
- 400 unrestricted round lot holders

ENTRY TIER

Capital Market

- Three financial standards
- Bid US$4 or closing price US$3*
- 1.0 million unrestricted publicly held shares
- 300 unrestricted round lot holders

*Closing-price alternative on the Capital Market is available for companies that wish to switch, cross-list or uplist to Nasdaq. Corporate governance requirements are identical across all three tiers.

01 · LISTING RULES 5315

NASDAQ GLOBAL SELECT MARKET

Companies — including those listing in connection with a Direct Listing — must meet all of the criteria under **at least one** of the four financial standards below, and the liquidity requirements on the following page. These tests apply to the primary class of an operating company.

Financial requirement	Standard 1 Earnings	Standard 2 Capitalisation + cash flow	Standard 3 Capitalisation + revenue	Standard 4 Assets with equity
Pre-tax earnings Income from continuing operations before income taxes	Aggregate prior three fiscal years ≥ US$11 million Each of the prior three fiscal years > US$0 Each of the two most recent fiscal years ≥ US$2.2 million	—	—	—
Cash flows	—	Aggregate prior three fiscal years ≥ US$27.5 million Each of the prior three fiscal years > US$0	—	—
Market capitalisation	—	Average ≥ US$550 million over the prior 12 months	Average ≥ US$850 million over the prior 12 months	US$160 million
Revenue	—	Previous fiscal year ≥ US$110 million	Previous fiscal year ≥ US$90 million	—
Total assets	—	—	—	US$80 million
Stockholders' equity	—	—	—	US$55 million
Minimum bid price	US$4	US$4	US$4	US$4

Closed-end funds, structured products, debt securities and secondary classes follow separate rule sets and are outside the scope of this briefing.

A company that principally administers its business in a Restrictive Market — a jurisdiction that does not provide the PCAOB with access to inspect the auditors of Nasdaq-listed companies — is subject to additional offering-size and liquidity tests (see page 06).

01 · CONTINUED

GLOBAL SELECT · LIQUIDITY

Liquidity is measured on *unrestricted* securities. Shares subject to resale restrictions for any reason are excluded from publicly held shares, market value of publicly held shares and round lot holders.

Liquidity requirement	IPOs and spin-offs	Seasoned companies (currently trading)	Direct Listing	Affiliated companies
Unrestricted round lot shareholders, or total shareholders, or total shareholders plus average monthly trading volume over the past 12 months	450 or 2,200 or 550 and 1.1 million	450 or 2,200 or 550 and 1.1 million	450 or 2,200 or 550 and 1.1 million	450 or 2,200 or 550 and 1.1 million
Unrestricted publicly held shares	1,250,000	1,250,000	1,250,000	1,250,000
Market value of unrestricted publicly held shares (MVUPHS), or MVUPHS plus stockholders' equity	US$45 million	US$110 million or US$100 million and stockholders' equity of US$110 million	US$110 million or US$100 million and stockholders' equity of US$110 million	US$45 million
Market value of publicly held shares	—	—	US$250 million	—
Independent third-party valuation	—	—	Required (IM-5315-1)	—

01 Market makers and qualified holders

Four registered and active market makers are required, unless the company satisfies the Nasdaq Global Market Income Standard or Equity Standard, in which case three market makers suffice. At least half of the minimum required round lot holders must each hold unrestricted securities with a minimum value of US$2,500.

02 Over-the-counter trading before listing

If the security is trading in the U.S. OTC market on the application date, it must have average daily trading volume of at least 2,000 shares over the 30 trading days before listing (including the underlying security for an ADR), with trading on more than half of those days — unless listed in connection with a firm-commitment underwritten public offering of at least US$4 million.

03 Restrictive Market issuers

A Restrictive Market IPO must be a firm-commitment underwritten U.S. offering that raises the lesser of US$25 million gross proceeds or 25% of post-offering market value of listed securities. A business combination with a Restrictive Market target must produce unrestricted publicly held shares equal to the lesser of those two measures.

02 · LISTING RULES 5405

NASDAQ GLOBAL MARKET

Companies other than Direct Listings must meet all of the criteria under **at least one** of the four standards below. IPO applicants must satisfy the market value of unrestricted publicly held shares solely from offering proceeds.

Requirement	Income Standard	Equity Standard	Market Value Standard*	Total Assets / Total Revenue
Income from continuing operations before income taxes	US$1 million in the latest fiscal year, or in two of the last three fiscal years	—	—	—
Stockholders' equity	US$15 million	US$30 million	—	—
Market value of listed securities	—	—	US$75 million	—
Total assets and total revenue	—	—	—	US$75 million and US$75 million, in the latest fiscal year or in two of the last three
Unrestricted publicly held shares	1.1 million	1.1 million	1.1 million	1.1 million
Market value of unrestricted publicly held shares	US$15 million	US$18 million	US$20 million	US$20 million
Bid price	US$4	US$4	US$4	US$4
Unrestricted round lot shareholders	400	400	400	400
Market makers	3	3	4	4
Operating history	—	2 years	—	—

*Currently traded companies qualifying solely under the Market Value Standard must meet the US$75 million market value of listed securities and the US$4 bid-price requirement for 90 consecutive trading days before applying.

At least half of the minimum required round lot holders (other than SPACs listing under IM-5101-2) must each hold unrestricted securities worth at least US$2,500. OTC-traded securities need 2,000 shares of average daily volume over 30 days unless listed with a firm-commitment offering of at least US$15 million.

Direct Listing on the Global Market (IM-5405-1)

Price, market value of listed securities and MVUPHS are supported by an independent third-party valuation or specified compelling evidence. Bid price rises to US$8 (valuation) or US$10 (compelling evidence). Market value of listed securities under the Market Value Standard rises to US$150 million or US$187.5 million. MVUPHS is also set at higher valuation-based or evidence-based levels (US$30–50 million depending on the standard).

03 · LISTING RULES 5505

NASDAQ CAPITAL MARKET

The Capital Market is Nasdaq's entry tier. Companies other than Direct Listings must meet all of the criteria under **at least one** of the three standards below. IPO applicants must satisfy MVUPHS solely from offering proceeds.

Requirement	Equity Standard	Market Value of Listed Securities Standard*	Net Income Standard
Stockholders' equity	US$5 million	US$4 million	US$4 million
Market value of unrestricted publicly held shares	US$15 million	US$15 million	US$15 million
Operating history	2 years	—	—
Market value of listed securities	—	US$50 million	—
Net income from continuing operations	—	—	US$750,000 in the latest fiscal year, or in two of the last three fiscal years
Unrestricted publicly held shares	1 million	1 million	1 million
Unrestricted round lot shareholders	300	300	300
Market makers	3	3	3
Bid price *or* closing price†	US$4 bid / US$3 closing	US$4 bid / US$3 closing	US$4 bid / US$3 closing

*Currently traded companies qualifying solely under the Market Value Standard must meet the US$50 million market value of listed securities and the applicable bid-price requirement for 90 consecutive trading days before applying.

†To use the closing-price alternative, the company must also have (i) average annual revenues of US$6 million for three years, (ii) net tangible assets of US$5 million, or (iii) net tangible assets of US$2 million and a three-year operating history — in addition to the other financial and liquidity tests above.

01 Direct Listing on the Capital Market (IM-5505-1)

Valuation-based MVUPHS is US$30 million (or US$37.5 million on a compelling-evidence basis). Under the Market Value Standard, valuation-based market value of listed securities is US$100 million (or US$125 million on a compelling-evidence basis). A company that principally administers its business in a Restrictive Market is **not permitted** to list on the Capital Market by Direct Listing.

02 OTC and Restrictive Market overlays

OTC-traded securities need 2,000 shares of average daily volume over 30 days unless listed with a firm-commitment offering of at least US$15 million. Restrictive Market IPOs remain subject to the lesser of US$25 million gross proceeds or 25% of post-offering market value of listed securities.

04 · LISTING RULE 5600 SERIES

CORPORATE GOVERNANCE — ALL TIERS

Governance standards are the same on Global Select, Global Market and Capital Market. Limited partnerships, foreign private issuers, IPO applicants and controlled companies may use specified exemptions and phase-ins.

Distribution of reports · 5250(d)

Annual and interim reports must be made available to shareholders by mail or on the company's website.

Independent directors · 5605(b)

The board must have a majority of independent directors.

Audit committee · 5605(c)

At least three members, all independent and meeting SEC Rule 10A-3. Each must be able to read fundamental financial statements; one member must be financially sophisticated.

Compensation committee · 5605(d)

At least two independent directors, subject to an additional independence test. The committee determines, or recommends to the board, CEO and other executive officer compensation.

Director nominations · 5605(e)

Independent directors must select or recommend nominees for the board.

Code of conduct · 5610

A code of conduct must apply to all directors, officers and employees.

Annual meeting & proxies · 5620

An annual shareholder meeting must be held within one year after fiscal year-end. Proxies must be solicited for all shareholder meetings. Quorum must be at least 33⅓% of outstanding voting stock.

Conflicts, approvals & voting · 5630–5640

Related-party transactions require review and oversight. Shareholder approval is generally required for certain acquisitions, equity compensation, a change of control, and a 20% issuance below the Minimum Price. Corporate actions cannot disparately reduce existing voting rights.

Entry and annual fees (effective 1 January 2026)

Entry fees	Amount (includes application fee)
Global Select / Global Market	US$325,000 flat, including US$25,000 application fee
Capital Market — up to 15 million shares	US$50,000, including US$5,000 application fee
Capital Market — over 15 million shares	US$75,000, including US$5,000 application fee
SPAC (any tier)	US$80,000, including US$5,000 application fee

The application fee is non-refundable and accompanies the application. The balance of the entry fee is due before the first trading day. Companies transferring from another national securities exchange may qualify for an entry-fee exemption.

All-inclusive annual fee	Domestic / foreign
GSM / NGM · up to 10 million shares	US$59,500
GSM / NGM · over 150 million	US$199,000
Capital Market · up to 10 million	US$56,000
Capital Market · over 50 million	US$86,500
SPAC (any tier)	US$85,000 flat

First-year annual fees are prorated by month of listing. ADS issuers follow a separate, generally lower, schedule at higher share counts. Hearings and appeals sit outside the all-inclusive fee.

05 · PROCESS

LISTING TIMELINE & ACTION PLAN

Nasdaq typically processes a listing application in four to six weeks where the file raises no issues and the company responds promptly. A preliminary eligibility review can be requested from Listing Qualifications before a formal application.

1. **Map the correct tier and standard.**
   Model earnings, cash flow, equity, assets and market value against each Global Select, Global Market and Capital Market standard. Identify whether a Direct Listing, ADR or ordinary-share structure is the cleaner path.

2. **Build unrestricted liquidity, not headline float.**
   Resale-restricted shares do not count. Confirm round lot holders, the US$2,500 qualified-holder overlay, market-maker coverage and, for OTC names, the 30-day volume test.

3. **Close the PCAOB and Restrictive Market analysis.**
   If books, assets or revenues sit in a jurisdiction that does not grant PCAOB inspection access, size the U.S. offering or post-combination float to the US$25 million / 25% overlay — and note that a Capital Market Direct Listing is unavailable.

4. **Stand up U.S.-ready governance and reporting.**
   Independent board majority, three-person audit committee with financial sophistication, compensation committee, code of conduct, related-party review and shareholder-approval mechanics should be designed before the application, not after Staff comments.

5. **File a complete electronic application.**
   Reserve the symbol, submit the listing application, listing agreement and corporate governance certification through the Nasdaq Listing Center, and wire the application fee. The remaining entry fee is due before the first trading day.

HOW WE CAN HELP

- Nasdaq readiness diagnostics and tier-selection modelling
- PCAOB-standard audits, IPO financials and comfort-letter support
- Internal-control design aligned to U.S. listing expectations
- Hong Kong / Mainland China / U.S. tax structuring for the listing vehicle
- Corporate governance, board and committee implementation
- Cross-border coordination through the UHY network in the United States

TYPICAL APPLICATION PACKAGE

Symbol reservation · Listing application · Listing agreement · Corporate governance certification · Application fee (wire) · Logo submission · Supporting documentation as set out in Nasdaq's guidelines

UHY Prime HK CPA Limited
Suite 1206, 12/F, Tower 6, The Gateway, Harbour City, 9 Canton Road, Tsim Sha Tsui, Kowloon, Hong Kong
Email: general@uhy-hk.com · Tel: +852 2250 1000 · uhy-hk.com